

Mr. MCGREGOR: Yes. There are one or two exceptions which are hardly worth while mentioning; I refer, for example, to an airline of Iceland which is not a member of I.A.T.A.

Mr. BALCER: Mr. Chairman, I should like to ask Mr. McGregor whether when setting fares for transcontinental flights he has taken into consideration the fact that these fares are not exactly realistic, and by that I mean that this route is partially subsidized by the profit derived from overseas runs?

Mr. MCGREGOR: Mr. Chairman, I do not think I can agree with what Mr. Balcer has said because we have two routes only that are steady contributors to overhead. One is the transatlantic route, as Mr. Balcer has stated, and the other is the transcontinental route. I do not think it is quite true to say that the transatlantic revenues subsidize the transcontinental operation, although these two routes do subsidize, by cross-subsidization within the company, many other non-profitable routes.

Mr. LLOYD: Mr. McGregor in answer to a question concerning the financial information of C.P.A. you said that such information was not available to you. Has the air line industry ever seriously studied the possibility of controlling fare structures by the air transport board or an equivalent body?

Mr. MCGREGOR: I am afraid I do not understand the question.

Mr. LLOYD: Public utility rate making is regulated on the basic principle that when you get to a monopoly position, the only way you can judge, in the public interest, the fairness of the rate structure of a service is to put it under some rate regulatory board. Has this question ever been debated or discussed at any depth at any time, or has the wisdom of such a policy applied to air lines traffic in Canada been considered?

Mr. MCGREGOR: Mr. Lloyd, I think I mentioned earlier that the way the present jurisdiction is established is by the air transport board either approving or disapproving a tariff submission made to it. If a submission is made and the air transport board raises no objection to the tariff, the tariff goes into effect on the file date. To that degree the air transport board has jurisdiction over present filings.

Mr. LLOYD: Does the air transport board require, as public utility boards in provinces, a full disclosure of the financial information?

Mr. MCGREGOR: Absolutely. In fact, the air transport board study these cost curves of ours in great detail.

Mr. LLOYD: The air transport board study the whole financial structure of an application on the part of C.P.A. as well as in respect of T.C.A.?

Mr. MCGREGOR: I expect it does.

Mr. LLOYD: But there is no public information received from the air transport board in regard to the results of their inquiries?

Mr. MCGREGOR: Not that I have ever seen.

Mr. LLOYD: This information has never been disclosed publicly.

Mr. MCGREGOR: I have never seen it.

Mr. GREGOIRE: Mr. Chairman, I should like to ask a question in respect of another matter but related to the financial report contained in the first section of the annual report.

Mr. NUGENT: Mr. Chairman, I should like to ask a question in respect of this same matter before we move to another point. Mr. McGregor, most of these companies' financial statements are made available and I presume that you have seen C.P.A.'s financial statement and have had your staff study the information in respect of where C.P.A. is making a profit and where they are losing money; is that right?